

Chapter 15

SPECIAL HOUSING TYPES

[24 CFR 982 Subpart M]

INTRODUCTION

BCHD may permit a family to use any of the special housing types discussed in this chapter. However, BCHD is not required to permit families receiving assistance in its jurisdiction to use these housing types, except that BCHD must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability. BCHD also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type. No special funding is provided for special housing types.

BCHD Policy

Families will not be permitted to use any special housing types, unless use is needed as a reasonable accommodation so that the program is readily accessible to a person with disabilities.

Special housing types include single room occupancy (SRO), congregate housing, group homes, shared housing, cooperative housing, manufactured homes where the family owns the home and leases the space, and homeownership [24 CFR 982.601].

This chapter consists of the following seven parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to special housing types.

Part I: Single Room Occupancy

Part II: Congregate Housing

Part III: Group Homes

Part IV: Shared Housing

Part V: Cooperative Housing

Part VI: Manufactured Homes (including manufactured home space rental)

Part VII: Homeownership

PART I: SINGLE ROOM OCCUPANCY

[24 CFR 982.602 through 982.605]

15-I.A. OVERVIEW

A single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. More than one person may not occupy an SRO unit. HCV regulations do not limit the number of units in an SRO facility, but the size of a facility may be limited by local ordinances.

When providing HCV assistance in an SRO unit, a separate lease and HAP contract are executed for each assisted person, and the standard form of the HAP contract is used.

15-I.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

The payment standard for SRO housing is 75 percent of the zero-bedroom payment standard amount on the BCHD's payment standard schedule.

The utility allowance for an assisted person residing in SRO housing is 75 percent of the zero-bedroom utility allowance.

The HAP for an assisted occupant in an SRO facility is the lower of the SRO payment standard amount minus the TTP or the gross rent for the unit minus the TTP.

15-I.C. HOUSING QUALITY STANDARDS (HQS)

HQS requirements described in Chapter 8 apply to SRO housing except as modified below.

- *Access:* Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have any other means of exit required by State or local law.
- *Fire Safety:* All SRO facilities must have a sprinkler system that protects major spaces. “Major spaces” are defined as hallways, common areas, and any other areas specified in local fire, building, or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety equipment required by state or local law.

Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards, the requirements discussed below apply [24 CFR 982.605].

- *Sanitary Facilities:* At least one flush toilet that can be used in privacy, a lavatory basin, and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to men, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway, and may not be located more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.
- *Space and Security:* An SRO unit must contain at least 110 square feet of floor space, and at least four square feet of closet space with an unobstructed height of at least five feet, for use by the occupant. If the closet space is less than four square feet, the habitable floor space in the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO unit must be lockable.
- Because no children live in SRO housing, the housing quality standards applicable to lead-based paint do not apply.

- **PART II: CONGREGATE HOUSING**

[24 CFR 982.606 through 982.609]

15-II.A. OVERVIEW

Congregate housing is intended for use by elderly persons or persons with disabilities. A congregate housing facility contains a shared central kitchen and dining area and a private living area for the individual household that includes at least a living room, bedroom and bathroom. Food service for residents must be provided.

If approved by BCHD, a family member or live-in aide may reside with the elderly person or person with disabilities. BCHD must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in congregate housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

15-II.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

The payment standard for an individual unit in a congregate housing facility is based on the number of rooms in the private living area. If there is only one room in the unit (not including the bathroom or the kitchen, if a kitchen is provided), BCHD must use the payment standard for a zero-bedroom unit. If the unit has two or more rooms (other than the bathroom and the kitchen), BCHD must use the one-bedroom payment standard.

The HAP for an assisted occupant in a congregate housing facility is the lower of the applicable payment standard minus the TTP or the gross rent for the unit minus the TTP.

The gross rent for the unit for the purpose of calculating HCV assistance is the shelter portion (including utilities) of the resident's monthly housing expense only. The residents' costs for food service should not be included in the rent for a congregate housing unit.

15-II.C. HOUSING QUALITY STANDARDS

HQS requirements as described in Chapter 8 apply to congregate housing except for the requirements stated below.

Congregate housing must have (1) a refrigerator of appropriate size in the private living area of each resident; (2) a central kitchen and dining facilities located within the premises and accessible to the residents, and (3) food service for the residents, that is not provided by the residents themselves.

The housing quality standards applicable to lead-based paint do not apply.

PART III: GROUP HOME

[24 CFR 982.610 through 982.614 and HCV GB p. 7-4]

15-III.A. OVERVIEW

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continuous medical or nursing care.

A group home consists of bedrooms for residents, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

No more than 12 persons may reside in a group home including assisted and unassisted residents and any live-in aides.

If approved by BCHD, a live-in aide may live in the group home with a person with disabilities. BCHD must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in a group home, a separate lease and HAP contract is executed for each assisted family, and the standard form of the HAP contract is used.

15-III.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION

Unless there is a live-in aide, the family unit size for an assisted occupant of a group home must be zero- or one-bedroom, depending on BCHD's subsidy standard. If there is a live-in aide, the aide must be counted in determining the household's unit size.

The payment standard used to calculate the HAP is the lower of the payment standard for the family unit size or the prorata share of the payment standard for the group home size. The prorata share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.

The HAP for an assisted occupant in a group home is the lower of the payment standard minus the TTP or the gross rent minus the TTP.

The utility allowance for an assisted occupant in a group home is the prorata share of the utility allowance for the group home.

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the prorata portion of the reasonable rent for the group home. In determining reasonable rent, BCHD should consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.

15-III.C. HOUSING QUALITY STANDARDS

HQS requirements described in Chapter 8 apply to group homes except for the requirements stated below.

- *Sanitary Facilities:* A group home must have at least one bathroom in the facility, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four residents can be required to share a bathroom.
- *Food Preparation and Service:* Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents. The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.
- *Space and Security:* Group homes must contain at least one bedroom of appropriate size for every two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.
- *Structure and Material:* To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.
- *Site and Neighborhood:* Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:
 - Dangerous walks or steps
 - Instability
 - Flooding, poor drainage
 - Septic tank back-ups
 - Sewage hazards
 - Mud slides
 - Abnormal air pollution
 - Smoke or dust
 - Excessive noise
 - Vibrations or vehicular traffic
 - Excessive accumulations of trash
 - Vermin or rodent infestation, and
 - Fire hazards.

The housing quality standards applicable to lead-based paint do not apply.

PART IV: SHARED HOUSING

[24 CFR 982.615 through 982.618]

15-IV.A. OVERVIEW

Shared housing is a single housing unit occupied by an assisted family and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family.

An assisted family may share a unit with other persons assisted under the HCV program or with other unassisted persons. The owner of a shared housing unit may reside in the unit, but housing assistance may not be paid on behalf of the owner. The resident owner may not be related by blood or marriage to the assisted family.

If approved by BCHD, a live-in aide may reside with the family to care for a person with disabilities. BCHD must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in shared housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

15-IV.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

The payment standard for a family in shared housing is the lower of the payment standard for the family unit size or the prorata share of the payment standard for the shared housing unit size.

The prorata share is calculated by dividing the number of bedrooms available for occupancy by the assisted family in the private space by the total number of bedrooms in the unit.

The HAP for a family in shared housing is the lower of the payment standard minus the TTP or the gross rent minus the TTP. The utility allowance for an assisted family living in shared housing is the lower of the utility allowance for the family unit size (voucher size) or the prorata share of the utility allowance for the shared housing unit.

Example: A family holds a 2-bedroom voucher. The family decides to occupy 3 out of 4 bedrooms available in the unit.

The utility allowance for a 4-bedroom unit equals \$200

The utility allowance for a 2-bedroom unit equals \$100

The prorata share of the utility allowance is \$150 (3/4 of \$200)

The PHA will use the 2-bedroom utility allowance of \$100.

The rents paid for families living in shared housing are subject to generally applicable standards for rent reasonableness. The rent paid to the owner for the assisted family must not exceed the pro-rata portion of the reasonable rent for the shared unit. In determining reasonable rent, BCHD should consider whether sanitary and food preparation areas are private or shared.

15-IV.C. HOUSING QUALITY STANDARDS

BCHD may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.

HQS requirements described in Chapter 8 apply to shared housing except for the requirements stated below.

- *Facilities Available for the Family:* Facilities available to the assisted family, whether shared or private, must include a living room, a bathroom, and food preparation and refuse disposal facilities.
- *Space and Security:* The entire unit must provide adequate space and security for all assisted and unassisted residents. The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family must not be less than the family unit size. A zero-bedroom or one-bedroom unit may not be used for shared housing.

PART V: COOPERATIVE HOUSING

[24 CFR 982.619]

15-V.A. OVERVIEW

This part applies to rental assistance for a cooperative member residing in cooperative housing. It does not apply to assistance for a cooperative member who has purchased membership under the HCV homeownership option, or to rental assistance for a family that leases a cooperative housing unit from a cooperative member.

A cooperative is a form of ownership (nonprofit corporation or association) in which the residents purchase memberships in the ownership entity. Rather than being charged “rent” a cooperative member is charged a “carrying charge.”

When providing HCV assistance in cooperative housing, the standard form of the HAP contract is used.

15-V.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

The payment standard and utility allowance are determined according to regular HCV program requirements.

The HAP for a cooperative housing unit is the lower of the payment standard minus the TTP or the monthly carrying charge for the unit, plus any utility allowance, minus the TTP. The monthly carrying charge includes the member’s share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. The carrying charge does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

15-V.C. HOUSING QUALITY STANDARDS

All standard HQS requirements apply to cooperative housing units. There are no additional HQS requirements.

PART VI: MANUFACTURED HOMES

[24 CFR 982.620 through 982.624; FR Notice 1/18/17]

15-VI.A. OVERVIEW

A manufactured home is a manufactured structure, transportable in one or more parts that is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in two different ways.

(1) A family can choose to rent a manufactured home already installed on a space and the BCHD must permit it. In this instance program rules are the same as when a family rents any other residential housing, except that there are special HQS requirements as provided in 15-VI.D below.

(2) HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space as well as certain other housing expenses. BCHD may, but are not required to, provide assistance for such families.

15-VI.B. SPECIAL POLICIES FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE

Family Income

In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

Lease and HAP Contract

There is a separate Tenancy Addendum (Form 52642-a) and separate HAP Contract (Form 52642) for this special housing type.

15-VLC. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION

[FR Notice 1/18/17]

Payment Standards

The PHA payment standard for manufactured homes is determined in accordance with 24 CFR 982.505 and is the payment standard used for the PHA's HCV program. It is based on the applicable FMR for the area in which the manufactured home space is located.

The payment standard for the family is the lower of the family unit size (voucher size) or the payment standard for the number of bedrooms in the manufactured home.

Utility Allowance

BCHD must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move. This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

If the amount of the monthly assistance payment for a family exceeds the monthly rent for the manufactured home space (including the owner's monthly management and maintenance charges), the PHA may pay the remainder to the family, lender, or utility company.

Space Rent

The rent for the manufactured home space (including other eligible housing expenses) is the total of:

- The rent charged for the manufactured home space;
- Owner maintenance and management charges for the space;
- The monthly payments made by the family to amortize the cost of purchasing the manufactured home, including any required insurance and property taxes; and
- The applicable allowance for tenant-paid utilities.

Amortization Costs

The monthly payment made by the family to amortize the cost of purchasing the manufactured home is the debt service established at the time of application to a lender for financing the purchase of the manufactured home if monthly payments are still being made. Any increase in debt service due to refinancing after purchase of the home may not be included in the amortization cost. Debt service for set-up charges incurred by a family may be included in the monthly amortization payments made by the family. In addition, set-up charges incurred before the family became an assisted family may be included in the amortization cost if monthly payments are still being made to amortize the charges.

Housing Assistance Payment

The HAP for a manufactured home space under the housing choice voucher program is the lower of the payment standard minus the TTP or the (gross) manufactured home space rent (including other eligible housing expenses) minus the TTP.

Rent Reasonableness

Initially, and annually thereafter BCHD must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. BCHD must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly HAP check, the owner certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the Manufactured Home Park or elsewhere.

15-VLD. HOUSING QUALITY STANDARDS

Under either type of occupancy described in 15-VI. A above, the manufactured home must meet all HQS performance requirements and acceptability criteria discussed in Chapter 8 of this plan. In addition, the following requirement applies:

Manufactured Home Tie-Down

A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

PART VII: HOMEOWNERSHIP [24 CFR 982.625 through 982.643]

15-VII.A. OVERVIEW [24 CFR 982.625]

The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family. A family assisted under this option must be an existing participant in the HCV program. BCHD must have the capacity to operate a successful HCV homeownership program as defined by the regulations.

There are two forms of homeownership assistance described in the regulations: monthly homeownership assistance payments and single down payment assistance grants. However, BCHD may not offer down payment assistance until and unless funding is allocated by Congress. Since this has not yet happened, only monthly homeownership assistance may be offered.

BCHD must offer homeownership assistance if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities. It is the sole responsibility of BCHD to determine whether it is reasonable to implement a homeownership program as a reasonable accommodation. BCHD must determine what is reasonable based on the specific circumstances and individual needs of the person with a disability. BCHD may determine that it is not reasonable to offer homeownership assistance as a reasonable accommodation in cases where BCHD has otherwise opted not to implement a homeownership program.

BCHD must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

15-VII.B. FAMILY ELIGIBILITY [24 CFR 982.627]

Participation in the HCV Homeownership Program is voluntary. Each participant must meet the general requirements for admission to the HCV rental program as set forth in the BCHD's Section 8 Administrative Plan. The family must also meet all eligibility requirements of the HCV Homeownership Program listed below before the commencement of homeownership assistance.

General Requirements

- Only current participants in the HCV rental program who have received assistance for at least one full year from BCHD may apply for the homeownership program.

If a program participant is a port in to BCHD's jurisdiction and wants to enroll in the homeownership program, BCHD must be able to absorb the port in and the participant must reside in our jurisdiction for one year to be eligible for the homeownership program.

If the participant is receiving assistance through a special program such as Family Unification (FUP), Downtown 700, VASH, MDC, Linkages or Renee's Project they may or may not be able to participate depending on the grant and contract requirements for that particular program. If the specific program allows the participant to be transferred to a regular S8 HCV funding increment, HCV voucher funds must be determined available by BCHD to allow transfer of voucher and approval to participate in the Homeownership program.

- Except for cooperative members who have acquired cooperative membership shares prior the commencement of homeownership assistance, the family has entered a contract of sale in accordance with 24CFR982.631(c).
- The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option.
- An applicant must be in good standing with their landlord and BCHD with regard to their family obligations.
- The family must satisfy the prerequisite of being in “good standing” prior to receiving a *Pre-Qualifying Application* for the homeownership program. For the purposes of the homeownership program, “good standing” is defined as meeting all of the conditions prior to and during the homeownership shopping period, as outlined below.
- A landlord reference(s) indicating that during the prior year the family has an uninterrupted record of paying monthly rent in full and on time, and satisfactorily meets all other lease obligations, as documented on the *S8HOP – Landlord Reference Letter*. All verifications will be completed via third-party written or oral communication with the applicant’s landlord.
 - Within the past year, the family has met all the HUD and BCHD family obligations under the HCV program.
 - Within the past year and throughout the homeownership shopping period, the family may not owe BCHD or any other housing authority any outstanding debt nor enter into a repayment agreement. A participant may become eligible to apply for the HCV Homeownership Program on the anniversary date of full payment of any debt, subject to meeting the other conditions of good standing.
- An applicant must be a “first-time homeowner.”
 To qualify as a “first-time homeowner,” the assisted family may not include any person with a “present ownership interest” in a residence during the three years before the commencement of homeownership assistance for the family. Cooperative membership shares acquired prior to the commencement of homeownership assistance are exempt from this rule. A single parent or displaced homemaker who, while married, owned a home with his or her spouse, or resided in a home owned by his or her spouse, is considered a “first-time homeowner.”

Other conditions also apply to “first-time homeowner” definition:

- No family member may have a present ownership interest in a second residence while receiving homeownership assistance.
- If BCHD determines that a disabled family requires home-ownership assistance as a reasonable accommodation, the first-time homeowner requirement does not apply.

- BCHD will not commence homeownership assistance for a family if any family member has previously received assistance under the homeownership option, and has defaulted on a mortgage securing debt incurred to purchase the home.
- An applicant must demonstrate a minimum down payment of at least three percent (3%) or more. One percent (1%) of the purchase price of the property must come from the family's personal resources.
- An applicant must meet the minimum income standards defined below:
 - For a family whose head of household or spouse is an individual that experiences permanent disability, the standard is equal to the monthly Federal Supplemental Social Security Income (SSI) benefit for an individual living alone (or paying his or her share of food and housing costs) multiplied by twelve.
 - For non-disabled working families, the minimum income standard is the Federal Minimum Wage multiplied by 2,000 hours.

For purposes of program eligibility, welfare assistance may only be counted as income in cases where the applicant meets the definition of an elderly or disabled family.

An applicant shall be considered to have satisfied the minimum income requirement if the family can demonstrate that it has been pre-qualified or pre-approved for financing. The pre-qualified or pre-approved financing amount must be sufficient to purchase housing that meets HUD Housing Quality Standards (HQS).

- An applicant must attend and satisfactorily complete a First-time Homebuyers Training Class with a HUD-approved housing counseling agency.

Employment Obligations

Except for a disabled family or an elderly family, assistance under the HCV Homeownership Program is limited to families who demonstrate a stable work history. The employment requirement is used to determine eligibility and is a requirement throughout the period of homeownership assistance.

Regular seasonal employees and self-employed workers, who have a demonstrated work history and an annualized income, will be considered continuously employed for purposes of HCV Homeownership program eligibility and subsequent employment requirements.

- The applicant head of household, spouse, or adult that will be on the mortgage document is required to document full-time (no less than 30 hours per week), continuous employment for a period of no less than 12 months prior to application.
- The head of household, spouse or co-head must document earned income of no less than the Federal Minimum Wage times 2000 hours during the preceding 12 months.
- The applicant head of household, spouse or adult on the mortgage document must remain continuously employed (no less than 30 hours per week) while participating in the program.

For eligibility purposes, continuous employment is defined as: **“No gap in employment lasting more than four weeks total during the past year.”** Continuous employment for seasonal employees and self-employed workers is defined as two consecutive years of regular seasonal employment where BCHD ‘annualizes’ family income when determining family rent.

- Part-time employment by both parties, totaling over 30 hours per week, does not constitute full-time employment by either party.

BCHD has the discretion to interpret small gaps in employment. Permissible gaps can only occur if loss of employment resulted from measures beyond the employee’s control (layoff, medical emergency); and did not result in an employment gap of more than eight consecutive weeks.

Documentation of the initial employment requirement for the HCV Homeownership program will be completed using *Employment Verification* form. All verifications will be completed via EIV, third-party written or oral communication with the applicant’s employer. Annual documentation of the full-time employment requirement will be completed using the *Voucher Choice Homeownership Program Work Certification* at annual reexamination.

Lenders may require participants to demonstrate a history 40 hrs per week of full-time, continuous employment of no less than 24 months.

The employment requirement is not applicable to elderly families or those whose head of household, spouse, or co-head experience permanent disability in accordance with the occupancy definition of disabled.

15-VII.C. APPLICATION PROCESS

Applicants will be briefed about the HCV Homeownership Program during Interim and Annual Reexaminations. Families wishing to participate in this program are encouraged to contact the HCV Homeownership Program Coordinator to fill out an application and begin the homeownership process.

Application Form

During the interview with the Homeownership Coordinator, the Coordinator will explain the HCV Homeownership Program in detail and go over the eligibility process with the family. If the family meets the initial qualifications than an application for participation is completed. The application includes information on income, assets, obligations, and family composition.

Application Attachments

1. Documentation of attendance at a HUD-approved Homeownership Training Pre-Purchase Housing Class. Partner agencies will be available to provide one-on-one counseling services specifically targeted for home buyers.
2. A signed *S8HOP - Landlord Reference Letter*.
3. If applicable, a *Disability Verification Form*, if not on file.
4. If applicable, a *Verification of Need for Special Unit or Reasonable Accommodation*, if not on file.

5. The applicant must document household composition for all individuals who will reside in the household.

All documentation is subject to independent verification by BCHD program staff. The Program Coordinator will review the file for discrepancies or omissions. If, at any time throughout the process, the Program Coordinator sees a discrepancy in reported income, assets, or family share, he/she shall report it to the Housing Program Assistant (HPA). The HPA shall perform an interim reexamination, resolve whether further action is necessary, and report the outcome to the Program Coordinator.

- If, in the course of a loan application, a loan originator, or other third party, documents income not previously reported to BCHD, BCHD will conduct an interim reexamination of income. Should the reexamination result in a debt or proposed repayment agreement, BCHD shall retain sole discretion to withdraw the family from participation subject to the outcome of any grievance procedure related to the income discrepancy. The participant family must remain on the HCV program for an additional year, in good standing, before BCHD will reconsider them for participation in the HCV Homeownership Program.

The BCHD must determine what is reasonable based on the specific circumstances and individual needs of a person with a disability. The BCHD must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

15-VII.D. ELIGIBLE UNITS [24 CFR 982.628]

Eligible homes must be located within the respective geographic boundaries that govern the HCV rental program.

A family approved for homeownership assistance may purchase the following type of homes:

- A new or existing home;
- A single-family home;
- A condominium; the unit must be a one-unit property or a single dwelling unit in a cooperative or condominium.
- A home in a planned use development, a cooperative, a loft or live/work unit;
- A manufactured home, if situated on a privately owned site and the home must have a permanent foundation. (This will be the lenders discretion if they approve this type of home)
- For a unit where the family will not own fee title to the real property (such as a manufactured home), the home must have a permanent foundation and the family must have the right to occupy the site for at least 40 years.

A unit can be under construction at the time a family enters into the contract of sale. A unit is considered to be “under construction” if the footers have been poured. Newly constructed homes

are eligible for assistance when the construction is 100% complete, provided a “Certificate of occupancy” is issued before the family completes the purchase transaction.

For BCHD-owned units all of the following conditions must be satisfied:

- BCHD informs the family, both orally and in writing, that the family has the right to purchase any eligible unit and a BCHD-owned unit is freely selected by the family without BCHD pressure or steering;
- The unit is not an ineligible housing unit; The unit may not be any of the following:
 - A public housing or Indian housing unit;
 - A unit receiving Section 8 project-based assistance;
 - A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services.
 - A college or other school dormitory;
 - On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.
- BCHD inspects the unit for compliance with Housing Quality Standards (HQS), reviews the independent inspection report performed by an independent inspector designated by the family, reviews the contract of sale, determines the reasonableness of the sales price and any BCHD provided financing. All of these actions must be completed in accordance with program requirements. BCHD may obtain the services of a neighboring BCHD or other independent HCV administering agency to perform these services, so long as the independent agency is operating a HCV Program.

BCHD must not approve the unit if the BCHD has been informed that the seller is debarred, suspended, or subject to a limited denial of participation.

For units not yet under construction: Families may enter into contracts of sale for units not yet under construction at the time the family enters into the contract for sale. However, BCHD shall not commence homeownership assistance for the family for that unit, unless and until either:

- (i) The responsible entity completed the environmental review procedures required by 24 CFR part 58, and HUD approved the environmental certification and request for release of funds prior to commencement of construction; or
- (ii) HUD performed an environmental review under 24 CFR part 50 and notified BCHD in writing of environmental approval of the site prior to commencement of construction;

15-VI.E. ADDITIONAL BCHD REQUIREMENTS FOR SEARCH AND PURCHASE 24 CFR 982.629]

It is the family’s responsibility to find a home that meets the criteria for voucher homeownership assistance. The BCHD may establish the maximum time that will be allowed for a family to locate and purchase a home, and may require the family to report on their progress in finding and purchasing a home.

15-VII.F. DETERMINING “MORTGAGE READY” APPLICANTS HOMEOWNERSHIP COUNSELING [24 CFR 982.630]

Homeownership Counseling

BCHD will require a First-Time Homebuyers Training Certificate provide by a HUD-approved trainer prior to issuance of the Homeownership Voucher. A HCV applicant must attend and satisfactorily complete the pre-counseling program. The counseling program covers the topics listed below. Applicants who BCHD determines are not yet “mortgage ready” may be required to obtain additional information on any of the following issues:

- Is homeownership right for you?
- Special needs of disabled home buyers/fair housing issues;
- Budgeting and money management;
- Credit counseling;
- How to negotiate the purchase price of a home;
- How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
- How to find a home, including information about homeownership opportunities, schools, and transportation services in the area;
- Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
- Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) (RESPA), State and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions;
- Home maintenance (including care of the grounds)
- Taxes, pro-ration of taxes if assisted by the program;
- Inspection criteria, HQS requirements, special requirements in the contract for sale;

BCHD may adapt the subjects covered in pre-assistance counseling (as listed) to local circumstances and the needs of individual families.

BCHD may also offer additional counseling after commencement of homeownership assistance (ongoing counseling). BCHD shall have discretion to determine whether the family is required to participate in the ongoing counseling.

If the PHA does not use a HUD-approved housing counseling agency to provide the counseling, the PHA should ensure that its counseling program is consistent with the counseling provided under HUD's Housing Counseling program.

Pre-Qualification with a HUD-Approved Lender

If the HCV Homeownership Program Coordinator determines that the family meets minimum eligibility criteria he/she will deliver a copy of the Pre-Qualification Application to the participant. These documents will assist the lender in determining the maximum sales price and loan amount in the pre-qualification process. The issuance of these documents does not guarantee that a participant will have the ability to secure a home ownership loan. Other considerations such as the housing market, an applicant's credit history, total indebtedness, and current income, will be factors that will determine a participant's ability to secure a home mortgage. All participants will qualify independently through a mortgage lender of their choice

Homeownership Voucher

Once the family has completed the Homeownership Training and pre-qualified with a HUD-Approved Lender, the Homeownership Coordinator will issue a Homeownership Voucher so the Applicant can begin shopping for a home to purchase.

BCHD does on-going Homeownership Training with local realtors, and will have this list available should the family need assistance. It will be up to the family to interview these realtors and make a decision as to who they wish to work with.

Family Search and Offer to Purchase

At the time the *Homeownership Voucher* is issued, the family is placed in "home shopping status." The family has 180 days to locate and make an offer on a home, and secure a prequalification letter from their lender. The Program Coordinator may recommend three additional 30 day extensions not to exceed a total of 270 home shopping days. Additional 30-day extensions are available on a case-by-case basis, subject to approval by the Bernalillo County Housing Director or her/his designee.

Changes in Family Size or Composition

All changes in family composition must be reported to the Housing Program Assistant and the HCV Homeownership Program Coordinator. The *Homeownership Voucher* will reflect the applicable subsidy standard BCHD assigns to the family based upon the family's size and composition. The final *Voucher Payment Breakdown* will be issued based upon the subsidy standard applicable on the date of closing.

Changes in the Payment Standards

The payment standard applicable on the date of closing establishes the baseline payment standard for the unit. If the payment standard changes after an offer to purchase has been made, but prior to closing, the payment standard applicable on the date of closing applies. BCHD will reissue a revised *Total Tenant Payment Estimated Worksheet* and *Voucher Payment Breakdown* per the effective date of the new Payment Standard.

Occasionally, a buyer and seller may execute an Earnest Money Agreement prior to a decrease in payment standard, with the closing taking place after the effective date of a decreased payment standard. For families whose head of household, spouse or co-tenant experiences permanent disability, BCHD may request HUD approval to use the payment standard in effect on the date the Earnest Money Agreement was fully executed if the new, decreased, payment standard would jeopardize the sales agreement. This may only occur as a reasonable accommodation to a disabled household.

15-VII.G. HOME INSPECTIONS, CONTRACT OF SALE, AND BCHD DISAPPROVAL OF SELLER [24 CFR 982.631]

Eligible homes must be located within the boundaries of the HCV Homeownership Program.

Before commencement of homeownership assistance or receipt of a down payment assistance grant, the homeownership applicant must enter into a contract of sale, or earnest money agreement, with the home seller.

- BCHD will provide the buyer with an *Addendum to the Residential Purchase Agreement*. Both the buyer and seller must execute the earnest money agreement and *Addendum*.

The *Addendum to the Residential Purchase Agreement* shall contain the following provisions:

- Specify price and other terms of sale by the seller to the purchaser.
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser.
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser and BCHD.
- Provide that the purchaser is not obligated to pay for any necessary repairs; and contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under CFR part 24.
- Specify that an HQS Inspector be granted access to the property to perform an HQS inspection prior to closing. Homeownership assistance is contingent on satisfactory inspections by both inspectors and subject to approval by BCHD.

Disapproval of a Seller

In its administrative discretion, the BCHD may deny approval of a seller for the same reasons a BCHD may disapprove an owner under the regular HCV program [see 24 CFR 982.306(c)]

HOME INSPECTIONS

The PHA may not commence monthly homeownership assistance payments for a family until the PHA has inspected the unit and has determined that the unit passes HQS.

An independent professional inspector selected by and paid for by the family must also inspect the unit. The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the roofing, plumbing,

electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.

The PHA may not require the family to use an independent inspector selected by the PHA. The independent inspector may not be a PHA employee or contractor, or other person under control of the PHA. However, the PHA may establish standards for qualification of inspectors selected by families under the homeownership option.

The PHA may disapprove a unit for assistance based on information in the independent inspector's report, even if the unit was found to comply with HQS.

Contract of Sale

Before commencement of monthly homeownership assistance payments, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give the PHA a copy of the contract of sale. The contract of sale must:

- Specify the price and other terms of sale by the seller to the purchaser;
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser;
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser;
- Provide that the purchaser is not obligated to pay for any necessary repairs; and
- Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under CFR part 24.

Disapproval of a Seller

In its administrative discretion, the PHA may deny approval of a seller for the same reasons a PHA may disapprove an owner under the regular HCV program [see 24 CFR 982.306(c)].

15-VII.H. FINANCING and AFFORDABILITY OF PURCHASE [24 cfr 982.632]

It is the responsibility of the family to secure financing for the home purchase. The issuance of the *Homeownership Voucher* does not guarantee that a family has the ability to secure financing for a home purchase. The Homeownership Program Coordinator and/or partner agencies will provide guidance to potential home buyers to ensure they avail themselves of various down payment assistance programs, optimum loan packages, mortgage interest rates, and ways to avoid predatory lending practices.

BCHD may establish requirements for financing purchase of a home under the homeownership option. This may include requirements concerning qualification of lenders, terms of financing, restrictions concerning debt secured by the home, lender qualifications, loan terms, and affordability of the debt.

BCHD may not require that families acquire financing from one or more specified lenders, thereby restricting the family's ability to secure favorable financing terms.

Down Payment Requirement

The purchasing family is required to invest at least three percent (3%) of the purchase price of the home. This investment can take the form of a down payment, closing costs, or a combination

of the two. Of this sum, at least one percent (1%) of the purchase price must come from the family's personal resources. [24 CFR 982.625]

The buyer may acquire financing through any BCHD approved lender. If the home is purchased using FHA mortgage insurance, it is subject to FHA mortgage insurance requirements.

Qualified participants may use the value of rental assistance as a form of "income" to help them qualify for a mortgage. Their assistance may be applied directly against their mortgage payment, therefore enabling a borrower to qualify for a home purchase.

There is no prohibition against using local/state grants or other subsidized financing in conjunction with the HCV Homeownership Program. The program can be combined with a variety of mortgage loan products and other HUD programs to assist a potential home buyer in achieving the most favorable interest rate and terms of purchase.

Lending Partners

BCHD may not influence a family's choice of lending options by limiting the use of homeownership assistance to particular units, neighborhoods, developers, lenders or require a family to use a set financing approach. However, HUD encourages local public housing authorities to develop partnerships with lenders to better serve the needs of families. BCHD will counsel the family to avoid predatory lenders or lending practices. BCHD will honor any financing package that arises from any lender approved by the BCHD.

Underwriting Options

The following underwriting options are suggested under this program. The lender will decide upon the option based upon income and borrower qualifications determined on a case-by-case basis by the lender, and dependent upon the specific loan products utilized.

Option One: Deduct HAP from Principal, Interest, Taxes & Insurance (PITI)

The borrower's HAP is applied directly to the PITI, and the housing debt to income ratio is calculated on the "net housing obligation" of the borrower.

Option Two: Add HAP to Borrower's Income

Calculate total income as a combination of the tax-exempt HAP (grossed up by 25%) and the borrower's income from employment using underwriting ratios specific to the loan product being used.

Option Three: Two Mortgage Approach

Borrower qualifies for the first mortgage (PITI) using only earned income. The HAP is used to pay the full P&I for a second mortgage.

Loan Restrictions

Mortgages with balloon payments, interest only loans or variable interest rates are not allowed under this program. The buyer may not enter into a seller financing or lease-purchase agreement under this program.

BCHD reserves the right to review lender qualifications and the loan terms before authorizing homeownership assistance. BCHD may disapprove proposed financing of the debt if BCHD determines that the debt is unaffordable. In making this determination, BCHD will take into

account family expenses such as child care, un-reimbursed medical expenses, homeownership expenses, and other family expenses, in addition to the participant's income.

BCHD must approve any proposed refinancing of the property. A loan committee will be convened to review all requests for refinancing. The loan committee will comprise of the Program Coordinator, Housing Director, and a representative of a partner community service agency.

Refinancing the property, without prior written approval from BCHD, may result in termination of the HCV Homeownership assistance. The family must request in writing a request for consideration for approval and provide the terms and conditions of any loan offer.

In making its determination, BCHD will take into account the reason(s) for the request to refinance, as well as the current assets and liabilities of the family, and how the refinancing will impact the total tenant payment. Homeownership assistance may continue if refinancing is approved, but will be limited to the remaining term on the initial mortgage loan.

15-VII.I. CONTINUED ASSISTANCE: FAMILY OBLIGATIONS [24 CFR 982.633]

After a home is located, but before homeownership assistance can begin, the family and BCHD must execute a HUD prescribed "*Statement of Homeowner Obligations*." In the statement the family agrees to comply with all obligations under the homeownership option. The initial "*Statement of Homeowner Obligations, form HUD-52649*" will be reviewed and executed at the HCV homeownership orientation. A new *Mortgage Payment & Voucher Subsidy Breakdown* and a new *BCHD Statement of Family Obligations* must be signed prior to any change in the housing assistance payment after closing.

Continuous Reporting Requirements

BCHD will reexamine the family's income and composition on an annual basis.

After purchase of the home, the family must continue to adhere to the "HUD Statement of Homeowner Obligations" and the BCHD Statement of Family Obligations in order to continue to receive the monthly housing assistance payment. The "HUD Statement of Homeowner Obligations" will be reviewed by the family and signed at each annual reexamination.

Working families are required to annually document continued compliance with the full-time work requirement of the program by annual completion of the *Voucher Choice Homeownership Program Work Certification*.

A family must disclose all changes in income within thirty (30) business days of the change and at the annual reexamination. Failure to disclose or accurately report changes will jeopardize a family's continued participation in this program. A family may not add an adult household member without prior BCHD approval. BCHD will deny admission to any individual who would otherwise not qualify for admission to the program due to criminal history, drug related history, or registry on a sex-offender list.

BCHD may require families who become delinquent on their mortgage payments to participate in additional homeownership and/or credit counseling classes.

BCHD may deny or terminate assistance for violation of participant obligations as described in the “HUD Statement of Homeowner Obligations” or the BCHD Statement of Family Obligations.

Continuous Employment Obligations

- The applicant head of household or spouse must remain continuously employed (no less than 30 hours per week) with countable income while participating in the program.
- During economic hard times BCHD will have the option to allow individuals to work less than 30 hours a week on a case by case basis. Providing that it is the employer’s option to reduce the work hours not the employees. The homeowner must provide BCHD with written documentation from the employer showing the number of hours they will be working and the reason for the reduction in work hours.
- Part-time employment by both parties, totaling over 30 hours per week, does not constitute full-time employment by either party.
- An exception to this rule will be when there are 2 adult members of a family who own the home and are attending school the 30 hrs of employment can be shared providing that both adult members are full-time students. Class schedules and completion of credit hours will be required at Annual Certifications.
- Families currently participating in the Homeownership Program that do not meet the employment criteria must obtain full-time employment no later than 60 days after their Annual Certification. *A 60-day Notice to Correct will be given to them at Annual Certification or during an Interim Certification whichever comes first.* Failure to correct will result in a correctable *30-day Notice of Termination.*

For continued eligibility purposes, continuous employment is defined two ways. Continuous employment by the head, spouse or co-head defined as full time employment (average of 30 hours per week) with no gap in employment lasting more than four weeks total (30 hours x 48 weeks = 1,440 hours). Or, countable earned income received by the head, spouse or co-head during the past year greater than the Federal Minimum Wage times 2000 hours. This amount may change in accordance with new Federal Minimum Wage rates.

The employment requirement is not applicable to elderly families or those whose head of household or spouse experience permanent disability.

Mitigating Circumstances

If a working family is subsequently determined by BCHD to now qualify as a “disabled family,” as defined by HUD, the full-time employment requirement is no longer applicable to that family.

BCHD will consider mitigating circumstances where certain lapses in employment prohibit the family from meeting its continuous employment obligation. These include receipt of Unemployment Insurance Benefits due to layoff; absences defined under the Family Medical Leave Act; receipt of Workman’s Compensation benefits.

BCHD will allow week-for-week substitutions whenever any of these benefits are received.

The participant must return to full-time employment within 30 days after exhaustion of unemployment benefits. Failure to return to full-time employment (30 hours per week) within

30 days will generate a *60-day Notice to Correct*. Failure to correct will result in a correctable *30-day Notice of Termination*.

A participant who is employed but is on leave from work due to maternity leave, FMLA or is receiving Workman's Compensation, is exempt from the full-time employment requirement during the period of approved leave from work. A participant must return to full-time employment within 30 days after exhaustion of applicable benefits. Willful failure to return to full-time employment (30 hours per week), after 30 days, will generate a 60-day Notice to Correct. Failure to correct will result in a correctable 30-day Notice of Termination.

Consideration of other mitigating circumstances is at the discretion of a local Area Coordinator recommendation to the HCV Program Coordinator. The Program Coordinator will convene a three-person committee to review any additional mitigating circumstances that prevent a participant's return to full-time employment within the time frames allotted. Determinations of the review committee are made on a case-by-case basis. Their decisions are subject to final approval by the BCHD Housing Director.

Guests and Changes in Family Composition

All changes in family composition must be reported to BCHD. All new family members must be approved as eligible residents before moving into the residence.

Family guests are permitted for a period not to exceed 30 days in any calendar year. BCHD may consider persons who exceed the 30-day occupancy limit, or who use the residence as a personal mailing address, unauthorized family members. The family may be in violation of their family obligations and BCHD may take appropriate action up to and including termination of assistance.

Other Continued Family Obligations

In addition to completing the HUD Statement of Homeowner Obligations, BCHD's Statement of Family Obligations and Purchase Agreement Addendum prior to the issuance of the homeownership voucher, agreeing to comply with all family obligations under the HCV Homeownership Program, including but not limited to:

- The family must comply with the terms of any mortgage securing debt incurred to purchase the home or any refinancing of such debt.
- The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to 24 CFR 982.551 (h) and (i).
- A home equity loan, loan modification or any refinancing may not be acquired without the prior written consent of BCHD. A committee of three members will review the conditions of the proposed loan before approving the loan. The committee members will consist of the BCHD Homeownership Program Coordinator, BCHD Director and a certified Housing Counseling Agency.
- Agree to the continued employment requirement as stated in BCHD's Administrative Plan.

- The family must provide required information regarding income and family composition in order to correctly calculate the total tenant payment (TTP) and homeownership assistance, consistent with the HCV requirements and any other information requested by BCHD concerning financing, the transfer of any interest in the home, or the family's homeownership expenses.
- While receiving homeownership assistance, the family must notify BCHD before the family moves out of the home.
- The family must, at annual reexamination, document that the family is current on mortgage, insurance, escrow accounts, repair reserve account, and utility payments.
- The family is prohibited from moving more than one time in a one (1) year period. The family may be required to participate in pre- and post-purchase homeownership counseling prior to re-housing.
- While receiving homeownership assistance, no family member may have any ownership interest in any other residential property.
- Sign a release allowing BCHD, counselors, realtors, and participating lenders to exchange information on the borrower.
- Agree to maintain the condition of the home to comply with minimum HUD Housing Quality Standards (HQS).
- Acknowledge that the termination of assistance shall be in accordance with program requirements and the Administrative Plan.
- Acknowledge that the family is obligated for the whole mortgage payment in the event of termination of assistance.
- Disclose any and all changes of family composition and family income immediately to BCHD.
- Agree that the family must immediately notify BCHD of any late payment, delinquency notices, or default notices and must agree to participate in default counseling with a designated agency to become current.
- Agree to attend any identified financial, homeowner or post purchase counseling during time of assistance.
- Agree that should they itemize deductions for IRS taxing purposes, they shall deduct in accordance with the IRS opinion that provides for a prorated deduction of the interest on a homeownership mortgage and homeownership taxes.
- BCHD requires the family to maintain a minimum reserve for maintenance and major repairs. The minimum reserve shall be equal to the monthly reserve amounts times the number of months assisted as a homeowner less any BCHD approved withdraws.

- The family must comply with the obligations of a participant family described in 24CFR982.551, except for the following provisions which do not apply to assistance under the homeownership option: 24 CFR 982.551(c), (d), (e), (f), (g) and (j).

15-VII.J. MAXIMUM TERM OF HOMEOWNERSHIP ASSISTANCE [24 CFR 982.634]

For working households, homeownership assistance is available for a maximum 15-year term for mortgages with a 20-year or longer term and a maximum 10-year term in all other cases. The term is calculated from the date of issuance of the first housing assistance payment on the initial mortgage loan.

The maximum term described above applies to any member of the family who:

- Has an ownership interest in the unit during the time that homeownership payments are made; or
- Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made.

Families that qualify as a disabled family at the commencement of homeownership assistance, or at any time during the provision of homeownership assistance, are not subject to the 15-year term limitation. Homeownership assistance is available for a disabled family as long as the family remains eligible for the program.

In the case of an elderly family, the maximum term is for as long as they are eligible, provided the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the family will continue to be eligible for the homeownership assistance, subject to eligibility requirements of the Housing Choice Voucher program. The term of assistance will change to a maximum of 15-years for mortgages with a 20 year or longer term and a maximum ten-year term in all other cases. This term will be calculated from the date of issuance of the first housing assistance payment on the initial mortgage loan.

If the family has received such assistance for different homes, or from different PHAs, the total of such assistance terms is subject to the maximum term described in this part.

Upon the death of a family member who holds, in whole or in part, title to the home, homeownership assistance may continue, pending settlement of the decedent's estate. The home must be solely occupied by remaining family members in accordance with 24 CFR 982.551(h).

For a nonelderly/nondisabled family, the total homeownership assistance received by a family, whether on different homes or through different public housing agencies, cannot exceed the eligible term of assistance based on the of the initial mortgage loan.

15-VII.K. HOMEOWNERSHIP ASSISTANCE PAYMENTS (HAP) AND HOMEOWNERSHIP EXPENSES [24 CFR 982.635]

While the family is residing in a homeownership unit, the HAP is equal to the lower of: (1) the payment standard minus the total tenant payment, or (2) the monthly homeownership expenses minus the total tenant payment.

Payment Standard/Subsidy Standard

In determining the amount of the homeownership assistance payment, BCHD will use the same payment standard schedule, payment standard amounts, and subsidy standards as those described elsewhere in this plan for the Housing Choice Voucher program.

For homeownership assistance, the payment standard for the family is the lower of: (1) the payment standard for the family unit size, or (2) the payment standard for the size of the home purchased (number of bedrooms in the house). At the annual anniversary, BCHD will apply a payment standard that is the greater of: (1) the payment as calculated in Section M, above, at the commencement of homeownership assistance, or (2) the BCHD payment standard for family unit size, used at its most recent annual anniversary. The BCHD subsidy standards determine the bedroom-size that BCHD assigns to the family based upon its size and composition. The initial subsidy standard applied to a homeownership family is the same standard used for the rental program. The *Voucher Payment Breakdown* will be issued based on the current subsidy and payment standards in effect on the date of closing.

The respective payment and subsidy standard applicable on the date of closing establishes the baseline payment and subsidy standards for the unit. The payment standard for subsequent years is the greater of the payment standard at the commencement of homeownership assistance or the payment standard at the most recent annual re-examination. Unlike the voucher rental program, the initial payment standard shall be the base for future housing payments. The payment standard shall not drop below the initial amount due to changes by HUD or due to changes in family composition.

BCHD may pay the homeownership assistance payments directly to the family, or at BCHD's discretion, to a lender on behalf of the family. If the assistance payment exceeds the amount due to the lender, BCHD must pay the excess directly to the family.

The family is responsible for all monthly homeownership expenses not reimbursed by the housing assistance payment. Homeownership expenses include:

- Principal and interest on the initial mortgage debt and any refinancing of such debt; and any mortgage insurance premium incurred to finance the purchase of the home;
- real estate taxes and public assessments on the home;
- home insurance;
- cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association;
- the BCHD allowance for maintenance expenses;
- the BCHD allowance for costs of major repairs and replacements;
- the BCHD utility allowance for the home; and

- Principal and interest on debt incurred to finance major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the BCHD determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person;
- Land lease payments where a family does not own fee title to the real property on which the home is located; [see 24 CFR 982.628(b)].
- For a condominium unit, condominium operating charges or maintenance fees assessed by the condominium homeowner association.

Homeownership expenses for a cooperative member may only include amounts allowed by the BCHD to cover:

- The cooperative charge under the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home;
- Principal and interest on initial debt incurred to finance purchase of cooperative membership shares and any refinancing of such debt;
- Home insurance;
- The BCHD allowance for maintenance expenses;
- The BCHD allowance for costs of major repairs and replacements;
- The BCHD utility allowance for the home; and
- Principal and interest on debt incurred to finance major repairs, replacements or improvements for the home. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the BCHD determines that allowance of such costs as homeownership expenses is needed as a reasonable accommodation so that the homeownership option is readily accessible to and usable by such person.
- Cooperative operating charges or maintenance fees assessed by the cooperative homeowner association.

Upon the death of a family member who holds, in whole or in part, title to the home, homeownership assistance may continue, pending settlement of the decedent's estate. The home must be solely occupied by remaining family members in accordance with 24 CFR 982.551(h).

For a nonelderly/nondisabled family, the total homeownership assistance received by a family, whether on different homes or through different public housing agencies, cannot exceed the eligible term of assistance based on the of the initial mortgage loan.

15-VII.L. PORTABILITY [24 CFR 982.636, 982.637, 982.353(B) AND(C), 982.552, 982.553]

Subject to the restrictions on portability included in HUD regulations and BCHD policies, a family may exercise portability if the receiving BCHD is administering a voucher homeownership program and accepting new homeownership families. In order to remain eligible for the program, the participant must sell the current home purchased under the HCV Homeownership Program and incur no mortgage default. The receiving BCHD may absorb the family into its voucher program, or bill the initial BCHD.

The family must attend the briefing and counseling sessions required by the receiving BCHD. The receiving BCHD will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving BCHD must promptly notify the initial BCHD if the family is unable to purchase a home within the maximum time established by the BCHD.

BCHD will also accept families from another HCV Homeownership Program subject to BCHD admission requirements for the HCV Homeownership Program. It will administer the voucher if approved for homeownership.

15-VII.M. MOVING WITH CONTINUED ASSISTANCE [24 CFR 982.637]

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

BCHD may deny permission to move to a new unit with continued voucher assistance:

- If the BCHD has insufficient funding to provide continued assistance.
- In accordance with 24CFR 982.638, regarding denial or termination of assistance.
- In accordance with the BCHD policy regarding number of moves within a 12-month period.

BCHD must deny the family permission to move to a new unit with continued voucher rental assistance if:

- The family defaulted (CFR24 982.638 (D)) on an FHA-insured or non FHA-insured mortgage; and
- The family fails to demonstrate that the family has conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee; and the family has moved, or will move, from the home within the period established or approved by HUD.
- Any family receiving homeownership assistance is dispossessed from the home pursuant to a judgement or order of foreclosure.

If a family request to return to rental assistance, BCHD may provide the family with a rental voucher, provided there is no mortgage loan default and the family has met all obligations under the HCV Program. The family must sell the home before BCHD provides rental assistance.

15-VII.N. DENIAL OR TERMINATION OF ASSISTANCE [24 CFR 982.638]

At any time, BCHD may deny or terminate homeownership assistance in accordance with HCV program requirements in 24CFR 982.552 (Grounds for denial or termination of assistance) or 24CGR 982.553 (Crime by family members).

BCHD may also deny or terminate assistance for violation of participant obligations described in 24CFR Parts 982.551 or 982.633 and in accordance with its own policy, with the exception of failure to meet obligations under the Family Self-Sufficiency program as prohibited under the alternative requirements set forth in FR Notice 12/29/14.

BCHD must terminate voucher homeownership assistance for any member of the family receiving homeownership assistance that is dispossessed from the home pursuant to a judgement or order of foreclosure on any mortgage (whether FHA insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt.

Occupancy of Home

Homeownership assistance will only be provided while the family resides in the home. If the family moves out of the home, BCHD will not continue homeownership assistance commencing with the month after the family moves out. Neither the family nor the lender is obligated to reimburse BCHD for homeownership assistance aid for the month the family moves out.

Changes in Income Eligibility

BCHD may adjust a family's homeownership assistance based upon changes in family income per policy listed in the rental program.

Participation in the HCV Homeownership Program shall continue until such time as the assistance payment amounts to zero for a period of six consecutive months. At that time the family will no longer be eligible and the HAP will be terminated. However, should the family go to zero HAP, for 180 consecutive days, BCHD reserves the right to extend the period past 180 days, should there be documented extenuating circumstances for an extension to time period such documented extenuating circumstances include but are not limited to:

- Death in the family
- Loss of employment or income due to no fault of the family
- Documentation of a medical or financial hardship beyond the control of the family for a member of the assisted household.

Refusal to Meet Continuous Work Requirement

BCHD may terminate a working family's homeownership assistance based on a willful refusal to adhere to, or properly document, the full-time employment requirement.

15-VII.O. INFORMAL HEARINGS [24 CFR 982.555]

An informal hearing will be provided for participants who are being terminated from the program because of the family's action or failure to act as provided in 24CFR 982.552. The rules and procedures set forth in the Administrative Plan, entitled "Informal Hearings", will apply.

15-VII.P. RECAPTURE [24 CFR 982.640]

BCHD will not recapture the Homeownership Voucher payments unless there was an act of fraud or misrepresentation of a material fact in order to obtain a benefit. The HCV Homeownership recapture provision does not apply to any other program funds that may be used in the transaction.